

## **Selected Highlights**

### **2010 General Session H.B. 148 "Sales and Use Tax Changes"**

**Rep. Wayne A. Harper**

February 23, 2010

The bill establishes a statewide uniform sales and use tax rate\* consisting of the following rates:

<b>Name of Tax (Title 59, Chapter 12 Part)</b>	<b>Rate (%)</b>	<b>Disposition/Distribution</b>	<b>Food in the Base?</b>	<b>Other Provisions</b>
State Sales and Use Tax - Non-Food (Part 1)	4.81	General Fund	No	
State Sales and Use Tax - Food (Part 1)	1.75	General Fund	Yes	
Local Option Sales and Use Tax (Part 2)	1	No change	Yes	All municipalities and counties impose this tax.
County Option Sales and Use Tax (Part 11)	.25	No change	Yes	All counties impose this tax.
Local Option Transportation Sales and Use Tax – Basic Rate (Part 5)	.3	Point of sale distribution for transit or transportation	No	If a jurisdiction does not impose both the Local Option Transportation Sales and Use Tax – Basic Rate and the Local Option Transportation Sales and Use Tax – Additional Rate, a state sales and use tax is imposed to achieve a uniform statewide rate. Revenue is deposited into the General Fund.

Name of Tax (Title 59, Chapter 12 Part)	Rate (%)	Disposition/Distribution	Food in the Base?	Other Provisions
Local Option Transportation Sales and Use Tax – Additional Rate (Part 5)	.25	Point of sale distribution for transit or transportation	No	<p>If a jurisdiction does not impose both the Local Option Transportation Sales and Use Tax – Basic Rate and the Local Option Transportation Sales and Use Tax – Additional Rate, a state sales and use tax is imposed to achieve a uniform statewide rate. Revenue is deposited into the General Fund.</p> <p>Some jurisdictions will be required to make a commensurate reduction in property taxes to remain revenue neutral.</p>

Name of Tax (Title 59, Chapter 12 Part)	Rate (%)	Disposition/Distribution	Food in the Base?	Other Provisions
State Sales and Use Tax – Transportation (Part 20)	.25	<p><b>With regards to revenue generated in a county of the first class:</b>  20% is designated for state highway projects in that county;  25% is designated for corridor preservation in that county; and  55% is designated for grants to transit districts that operate in that county.</p> <p><b>With regards to revenue generated in a county of the second class:</b>  25% is designated for corridor preservation in the county where the revenue is raised; and  75% is designated for grants to the county where the revenue is raised for a regionally significant transportation facility.</p> <p><b>With regards to revenue generated in all other counties:</b>  100% is deposited into the Transportation Investment Fund.</p>	No	

Name of Tax (Title 59, Chapter 12 Part)	Rate (%)	Disposition/Distribution	Food in the Base?	Other Provisions
County Option Sales and Use Tax - General Fund Purposes and Botanical, Cultural, Recreational, and Zoological Organizations or Facilities	.1%	Point of sale	No	<p>In counties of the first and second class, revenue must be used for cultural, recreational, and zoological organizations or facilities. The allocation requirements for counties of the first class now in law would continue. In all other counties, revenue may be used for general fund purposes.</p> <p>In a county that, on December 31, 2008, did not impose the sales and use tax under Part 7, require a commensurate net reduction in property tax revenue.</p> <p>In a county with a municipality that, on December 31, 2008 imposed a sales and use tax under Part 14, require that the sales and use tax revenue generated within that city be transferred to that city through an inter-local agreement.</p> <p>If a county does not impose this tax, a state sales and use tax of .1% is imposed to achieve a uniform statewide rate.</p>
<b>Total Sale and Use Tax Rate – Food: 3%</b>				
<b>Total Sale and Use Tax Rate – Non food: 6.8%</b>				

\* Except in those municipalities that impose resort community taxes.

#### **Rural County Health Care Facility Sales and Use Tax/Rural City Hospital Sales and Use Tax**

Under the bill, these two sales and use taxes are replaced by a state grant program that provides funding for hospitals and other health care facilities.

The bill also modifies or repeals the following local option sales and use taxes:

<b>Name of Local Option Sales and Use Tax (Title 59, Chapter 12 Part)</b>	<b>Modified or Replaced by:</b>
County Option Funding for Botanical, Cultural, Recreational, and Zoological Organizations or Facilities (Part 12)	Tax is modified to become the County Option Sales and Use Tax - General Fund Purposes and Botanical, Cultural, Recreational, and Zoological Organizations or Facilities
City or Town Option Funding for Botanical, Cultural, Recreational, and Zoological Organizations or Facilities (Part 14)	Tax is repealed and the revenue is replaced with revenue from the County Option Sales and Use Tax - General Fund Purposes and Botanical, Cultural, Recreational, and Zoological Organizations or Facilities
Town Option (Part 13)	Tax is repealed and the revenue is replaced by changing local sales and use tax distribution formula.
Rural County and Rural City Health Care Facility (Part 8)	Tax is repealed and the revenue is replaced with state grants.

**No changes are made to the following local option sales and use taxes under the bill:**

Resort Community (Basic and Additional) (Part 4)

City and Town Option (Part 21)